



Department of Management & Budget
Office of Retirement Services
www.michigan.gov/ors (800) 381-5111
P.O. Box 30171
Lansing MI 48909-7671

Refund Application

For State Employees

MEMBER'S NAME (LAST, FIRST, M.I.)	MEMBER ID OR SSN
MAILING ADDRESS	DAYTIME TELEPHONE ()
CITY, STATE, ZIP CODE	EMPLOYMENT END DATE

Use this form if you have terminated employment and would like to withdraw your contributions on account with the State Employees' Retirement System. This will forfeit your rights to a future pension. If you are currently eligible to begin drawing a pension, you cannot apply for a refund.

Section I – Refund Election

To be completed by applicant, please select one option below.

- ☐ Option 1: I wish to have my refund paid directly to me. I understand that 20 percent of the untaxed contributions and interest will be withheld as federal income tax.
- ☐ Option 2: I wish to have all previously untaxed contributions and interest transferred directly into the qualified retirement plan or individual retirement account held at _____, and have any previously taxed contributions refunded to me.
- ☐ Option 3: I wish to have \$_____ of my previously untaxed contributions and interest transferred into the retirement plan or individual retirement account held at _____. I wish to have the balance paid directly to me and understand that 20 percent of the untaxed contributions and interest will be withheld as federal income tax.

Section II – Financial Designation.

To be completed by the plan administrator of the financial organization, ONLY if option 2 or 3 is selected. Upon completing, return the form to the applicant.

In accordance with the authorization in Section I, we agree to deposit the forthcoming transfer amount from the retirement system into the stated account. We understand the transfer may take up to 90 days to process.

TYPE OF ACCOUNT ☐ Individual Retirement Account (IRA) ☐ Qualified Plan

MAKE CHECK PAYABLE TO (PLAN OR IRA NAME)	ACCOUNT NUMBER	TELEPHONE NUMBER ()
MAILING ADDRESS	CITY, STATE, ZIP CODE	
TRUSTEE OR PLAN ADMINISTRATOR SIGNATURE	TRUSTEE NAME OR PLAN ADMINISTRATOR (PRINT)	DATE

Section III – Applicant Certification STOP.

Appear before a notary public before signing.

I certify I have ceased employment with the state of Michigan, am not on a leave of absence, and am not on a layoff expected to last 12 months or less. I request that the accumulated balance in my account plus interest be refunded as indicated in Section I. I understand once a refund is processed, it cannot be cancelled. I realize I am giving up my retirement rights accumulated under the contributory plan, and release the Michigan State Employees' Retirement System from any claim of accumulated benefits under the contributory plan and hereby forfeit all such rights and benefits.

Applicant's Signature

Date

Notary Public: Subscribed and sworn to before me this _____ day of _____, _____

County of _____, State of _____

My commission expires _____

Notary Signature _____

You will receive your refund within 90 days from the date ORS receives your completed application.

Return this form to: **Office of Retirement Services P.O. Box 30171, Lansing, MI 48909-7671**

or fax to: (517) 322-1116

Federal Income Tax Withholding

The State Employees' Retirement System is a qualified pension plan under Section 401 (a) of the Internal Revenue Code. As a result, the retirement system must comply with federal regulations regarding refunds.

Federal law makes all refunds of previously untaxed moneys issued after December 31, 1992, subject to federal income tax withholding regulations. Please consider this information before you decide how to receive your refund.

If you have terminated employment, you can have all or any portion of your refund of previously untaxed money either transferred to a qualified plan or paid directly to you. A qualified plan is a payment of your refund to your individual retirement account (IRA) or to another employer plan. How your refund is paid to you will affect the tax you owe.

If you choose a qualified plan-to-plan transfer, your refund will not be taxed in the current year and no income tax will be withheld. Your refund will be paid directly to your IRA or, if you choose, to another employer plan that accepts your rollover. Your refund will be taxed later, when you withdraw it from the IRA or the employer plan.

If you choose to have your refund paid directly to you, you will receive only 80 percent of the refund. The retirement system is required to withhold 20 percent of the refund and send it to the IRS as income tax withholding to be credited against your taxes. Your refund will be taxed in the current year unless you

transfer it to a qualified plan. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the refund before age 59 1/2, you may also have to pay an additional 10 percent tax.

If you choose to receive your refund directly and later wish to transfer it into your IRA or other employer plan, you may do so within 60 days of receiving your refund. The amount transferred will not be taxed until you take it out of your IRA or employer plan. If you want to transfer 100 percent of your refund to an IRA or an employer plan, you must find other money to replace the 20 percent that was withheld. If you transfer only the 80 percent that you received, you will be taxed on the 20 percent that was withheld and not rolled over.

Note: This notice summarizes only the federal (not state and local) tax rules that might apply to your refund. The rules are complex and contain many conditions and exceptions not included on this application. Therefore, you may want to consult the IRS before you take a refund of your contributions from the retirement system.

Specific information on the tax treatment of payments from qualified retirement plans can be found in IRS publication 575, *Pension and Annuity Income*, or IRS Publication 590, *Individual Retirement Accounts*. These publications are available from your local IRS office or by calling 1-800-TAX-FORMS.